

OFFICERS' COMMENTS ON ALTERNATIVE BUDGET PROPOSAL BY COUNCILLOR FRANCIS

The following sets out comments by the Section 151 Officer and the Monitoring Officer on a proposal offered up in the budget amendment. Members of the Council should take this advice into consideration when considering and debating the amendment in question.

Comments of the Chief Financial Officer

The proposed amendments have been reviewed by the Chief Finance Officer.

The proposal to reduce the Bengali Media Team Growth Bid would reduce annual expenditure by £385k.

The proposal to delete secretarial support for Chairs of committees would reduce annual expenditure by £114k.

The proposed deletion of the growth for legal services will not eliminate the cost pressures in that area. The growth bid was to address market costs being experienced in the service.

The proposal to delete Love Tower Hamlets promotion activity would reduce annual expenditure by £300k in both 24/25 and 25/26. In 26/27 the reduction would be £234k.

The proposal to amend the Mayor's Office restructure savings by adding an additional £1.4 million to the original savings target of £327,000 would reduce expenditure by £1,400k in 24/25 and £1,247k in future years as an additional £153k saving is included in the MTFS from then.

The proposal to reduce the general Council Tax increase to 1.5% would reduce income by £1.6m a year (after adjusting for the Council Tax Cost of Living Fund). This is £4.8m over the three years.

The proposal to invest £114,000 in providing Democratic Services support for additional Housing Scrutiny Sub-committee meetings and new Public Realm & Community Safety and Finance Sub-committees would increase expenditure by £114k annually.

The proposal to reinvest £330,000 savings from lower Council Tax increase to extend the Council Tax Relief Scheme to the 2 per cent Adult Social Care increase would increase expenditure. Based on the budget in the MTFS a £658k fund for a 2.99% increase was required. Therefore, a fund to cover the 2% Adult Social Care increase would cost £439k.

The proposal to reinvest the £100,000 in one-off funding for Tower Hamlets Community Advice Network (THCAN) to support residents would increase expenditure by £100k in 24/25.

The proposal to release £3m to the General Fund by applying the additional Social Care grant would reduce the amount of funding available for social care in the budget. The amount has been set aside to offset the risk from increasing pressures in social care. These proposals would increase expenditure by £3m.

Whilst acceptable, the overall proposal does not meet the MTFS objective of producing a sustainable MTFS that does not rely on the use of reserves to fund ongoing expenditure.

The Council has a legal responsibility to set a HRA business plan that is balanced within its approved parameters across all 30 years. The rent cap of a £10 per week rent increase results in the business plan being out of balance from years 17 to 19 and in year 22. The cumulative loss of income is £14m. Therefore, further savings would need to be made within the HRA to accommodate the rent cap and deliver a balanced HRA business plan.

Proposal	24/25 £000	25/26 £000	26/27 £000
Reduce – Bengali Media Team Growth Bid to £120,000 instead of £505,000	(385)	(385)	(385)
Delete – Secretarial support for Chairs of committees	(114)	(114)	(114)
Delete – market supplements for Legal Services staff (cost pressures remains so no saving)	0	0	0
Delete – Love Tower Hamlets promotion activity	(300)	(300)	(264)
Amend – Mayor’s Office restructure savings by adding an additional £1.4 million	(1,400)	(1,247)	(1,247)
Replace Increase Council Tax by 3 per cent in 2024/25 with 1.5 per cent	1,961	2,109	2,274
Corresponding reduction in Council Tax Cost of Living Support Fund	(329)	(352)	(379)
Invest - £114,000 in providing Democratic Services support	114	114	114
Extend the Council Tax Cost of Living Scheme to the 2 per cent Adult Social Care increase	439	469	505
One-off funding for Tower Hamlets Community Advice	100	0	0
Social Care Grant Redistribution (needed to fund pressures in social care so no saving)	0	0	0
Household Support Fund & Other Proposals	3,000	3,000	3,000
Additional Cost of Amendments	3,086	3,294	3,504
MTFS Surplus after Approved Drawdown of Reserves	(6,915)	(10,218)	(2,023)
Budget Gap / (Surplus) after Amendments	(3,829)	(6,924)	1,481

Comments of the Monitoring Officer

The process for submitting and considering amendments to the Administration's Budget Motion are set out in the Council's Constitution (Council Procedure Rules). I can confirm that the process that has been followed for the submitted amendments meets those requirements.

Pursuant to Section 32 of the Local Government Finance Act 1992 the Council is required to set a balanced budget. The indicative figures set out in these proposed amendments appear to meet that requirement however, if any of the amendments are adopted by Council, officers will need to undertake further work to determine whether the proposals can be achieved at the savings/expenditure levels set out.